

Message Text

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ACTION EUR-12

INFO OCT-01 ARA-10 EA-10 ISO-00 IO-13 AID-05 CIAE-00
COME-00 EB-08 FRB-03 INR-07 NSAE-00 USIA-06
XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05
SS-15 STR-04 CEA-01 L-03 H-01 PA-01 PRS-01 /119 W
-----114257 301934Z /45

R 301450Z AUG 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 7779
TREASURY DEPT WASHDC
INFO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CARACAS
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
AMEMBASSY TOKYO
AMEMBASSY VIENNA
AMEMBASSY LISBON
AMEMBASSY COPENHAGEN

C O N F I D E N T I A L LONDON 14433

USOECN ALSO FOR EMBASSY
USEEC ALSO FOR EMBASSY

E.O. 11652: XGDS-1
TAGS: EFIN, PO, UK
SUBJECT: FINANCIAL ASSISTANCE FOR PORTUGAL

REF: LONDON 11677
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1. H.M.TREASURY OFFICIAL, GEOFFREY FITCHEW, MADE FOLLOW-
ING INFORMATION AVAILABLE ON CHARACTERISTICS OF PROPOSED
UK ASSISTANCE TO PORTUGAL:
 - A. THE LOAN WILL BE FOR US \$20 MILLION AND BE SO DENOMI
NATED;
 - B. THE LOAN WILL BE A BALANCE OF PAYMENTS LOAN FROM HMG

MADE AVAILABLE BY THE MINISTRY OF OVERSEAS DEVELOPMENT USING APPROPRIATED FUNDS;

C. THE LOAN WILL HAVE A MATURITY OF SEVEN YEARS, BUT WITH AN INITIAL GRACE PERIOD, THE LENGTH OF WHICH IS STILL TO BE DETERMINED, ON THE REPAYMENT OF PRINCIPAL BY PORTUGAL;

D. THE LOAN WILL CARRY A FIXED INTEREST RATE AT 1-1/4 PERCENT ABOVE THE MARKET RATE FOR SEVEN YEAR EURO-MONEY AT THE TIME OF THE SIGNING OF THE AGREEMENT. (CURRENTLY THIS FORMULA WOULD GIVE AN INTEREST RATE OF 8-3/4 PERCENT);

E. UK WOULD HOPE TO OPEN DISCUSSIONS ON A FORMAL AGREEMENT BEFORE THE END OF AUGUST.

F. THE LOAN WILL BE DISBURSED IN TWO EQUAL INSTALMENTS, THE FIRST IN THE COURSE OF UK FINANCIAL YEAR 1977-78 THE PRECISE DATE DEPENDING UPON THE CONDITIONS AT G. BELOW; THE SECOND IN THE COURSE OF UK FINANCIAL YEAR 1978-79, THE PRECISE DATE TO BE DETERMINED IN CONSULTATION WITH THE GOVERNMENT OF PORTUGAL.

G. THE FIRST INSTALMENT WOULD BE CONDITIONAL ON THE INITIATION OF NEGOTIATIONS BETWEEN THE GOVERNMENT OF PORTUGAL AND THE IMF FOR A STAND-BY AGREEMENT COVERING THE SECOND CREDIT TRANCHE; THE SECOND WOULD BE CONDITIONAL ON PORTUGAL HAVING REACHED SUCH AN AGREEMENT AND ON HER ECONOMIC POLICIES BEING IN CONFORMITY WITH THAT AGREEMENT AT THE TIME OF THE

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DISBURSEMENT.

2. FITCHEW IS CURRENTLY ON VACATION. WE HAVE THEREFORE BEEN UNABLE TO OBTAIN FURTHER DETAILS ON ANY DISCUSSIONS UK MIGHT HAVE HAD WITH PORTUGAL DURING THE PAST WEEK.

3. FITCHEW HAS SPECIFICALLY ASKED WHAT INFORMATION MAY BE AVAILABLE ON OTHER COUNTRIES' LENDING PROPOSALS TO PORTUGAL. PLEASE ADVISE. STREATOR

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Concepts: POLICIES, LOANS, FOREIGN ASSISTANCE, BALANCE OF PAYMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 30-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Retention: 0
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TAGS: EFIN, PO, UK
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